



Annual Press Conference 2006

Briefing Note N° 06

Luxembourg, 9 February 2006

Human Capital

Since 1997, the European Investment Bank (EIB) has been contributing to European policy on growth and development through its lending to support the formation of human capital. The two sectors concerned – health and education – have since become permanent features of the Bank's work, largely unrestricted geographically. Investment in education, to the extent that it helps to implement the Lisbon agenda, is also included in the Innovation 2010 Initiative (i2i) and is therefore a lending priority for the Bank.

Lending has mainly been advanced for the tangible infrastructure supporting human capital – schools, universities (teaching and research), laboratories, clinics, hospitals and primary and social care networks. However, the Bank's financing for intangible investment, such as student loan schemes and R&D in universities and hospitals, is on the increase.

Of the Bank's EUR 37.3 billion of overall individual lending for 2005, direct loans for investment in human capital amounted to EUR 5.9 billion. In the past five years (2001-2005), the EIB lent a total of EUR 14 billion for investments in health and education. In the EU, lending amounted to EUR 13.3 billion and outside the EU to EUR 714 million.

Education

E-Learning

Universities play a major role in developing new ICT techniques, teaching and disseminating results – and of course they need to equip themselves appropriately to use the technologies internally. Most EIB projects incorporate advanced ICT systems.

- Computer Technology Institute (CTI) Patras, Greece;
- National Maritime College (NMC), Ireland.

Private funding

Europe has been rapidly expanding its higher education systems and has sought to attract private finance to support this development:

- NMC (already mentioned) is a PPP;
- International University Bremen (IUB) is financed exclusively from fees.

Student loan operations:

- pilot project with Banca Intesa (Intesabridge) in Italy for the Politecnici of Milan, Turin and Bari;
- Diákhitel Központ (Hungary), a state agency for the sector which has cut its cost of capital significantly via the EIB loan and passed this gain on to students.

Links to business

Several of the Bank operations already mentioned (CTI, NMC, IUB, Intesabridge) have close liaisons with local or international industry.

- San Raffaele (Milan, Italy), a combined hospital, university, research centre and science park – where finance will support not just facilities but also ongoing R&D programmes.

Diversity/quality of universities

- Higher Education Funding Council for England (HEFCE), UK: EIB finance is directed preferentially towards the most promising programmes.

Health

Private funding

Governments are attempting to exploit private sources of funding for the health sector, given the rising cost of the systems and the constraints on public budgets. These sources can be tapped via explicit public-private partnerships or other models of private participation.

- Helios Klinikum Berlin-Buch, Germany: a hospital within the Berlin *Krankenhausplan* but financed, constructed and operated by a private sector company. EIB has supported the company with two operations, of which that in Berlin is the second.
- Ospedale de Mestre PPP, Italy. This is one of the first major health sector PPPs established in Italy, and where the accommodation facilities will be built and maintained by a private special purpose vehicle. The EIB is a major funder of the scheme.

Links to business

The health sector is a large and dynamic part of the economy. Though dominated in Europe by public agencies, there are often strong links to commercial entities, particularly in the area of research and development.

- San Raffaele, already mentioned above.
- Gambro Medical Technology R&D, Sweden, is a healthcare company with a global standing in renal care and blood products.

New models of care

Healthcare problems change with demography and epidemiology, and the appropriate solutions change with medical technology and knowledge. The EIB's appraisal of projects takes into account the way in which promoters seek to develop new models of service provision.

- Orbis Medical Park (OMP), the Netherlands: construction of "The Hospital of the 21st Century". OMP is conceived around a totally innovative approach to healthcare, in which prevention, cure and care go together.
- Region of Skåne Healthcare, Sweden. The Region is examining the degree to which it can reduce hospitalisation when the hospital may not be the most appropriate care setting.
- Sanidad de Galicia, Spain. The Autonomous Community of Galicia covers an extensive area where transport links are not easy. One response has been to develop a set of small local hospitals which can carry out many standard procedures and stabilise patients with more serious conditions before they are transported to higher-tech facilities.

Support for NMS/Acceding/Balkans

One of the EIB's critical tasks is to help finance the process of accession to the EU. Because of subsidiarity issues, the *acquis* does not emphasise the health sector; and many of the countries have a degraded infrastructure, which dates from a different model of healthcare provision.

- Emergency Health, Serbia. The healthcare system in Serbia was devastated by the military conflicts in the Balkans, having already suffered considerable neglect. The Bank arranged a financing programme across a significant number of regional hospitals in order to finance emergency rehabilitation works.
- Health Sector Rehabilitation, Romania, is an operation carried out jointly with the World Bank, using common procedures to lessen the administrative burden of providing the loan and to enable extra analytical effort to be applied at all stages.

Non-hospital

As a big-ticket lender, most of the EIB's projects are in the part of the sector where there are big capital demands – the hospital. However, the Bank fully recognises the interlinked nature of healthcare, and endeavours to support other parts of the system wherever possible.

- NHS LIFT UK Primary Healthcare. The LIFT programme is designed to bring private finance into the primary care system, where GP surgeries in less-privileged areas of the UK are often in poor condition.
- Statens Serum Institute R&D, Denmark. This is a major state-controlled vaccine and health research and development organisation with a worldwide reputation.

For further information on the EIB, visit its website www.eib.org.

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